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C O N F I D E N T I A L STATE 064289

STADIS//////////
USUN FOR MYERSON

FOLLOWING REPEAT GENEVA 1944 ACTION SECSTATE MAR 15.

QUOTE: C O N F I D E N T I A L GENEVA 1944

STADIS

FOR E-ROBINSON AND EB-GREENWALD AND BOEKER FROM HARRELL

E.O. 11652: GDS
TAGS: UNCTAD
SUBJECT: NORTH-SOUTH STRATEGY-1976-77

SUMMARY. DISCUSSIONS AT TDB REAFFIRM IMPORTANCE LDCS
PLACE ON NAIROBI RESULTS. COMMODITIES IS MAJOR ISSUE WITH
DEBT AND TRANSFER OF TECHNOLOGY VYING FOR SECOND PLACE.
UNCTAD SECRETARIAT PRESTIGE VERY MUCH ON THE LINE AT
NAIROBI. END SUMMARY.

1. AS THE NORTH-SOUTH DIALOGUE UNFOLDS IN 1976-77, THE
G-77 DEFINITELY PREFER THE UNCTAD FORUM TO CIEC. WHETHER
THEY WOULD INCREASINGLY TURN TO MORE PERMANENT CIEC IN
THE EVENT OF FAILURE AT UNCTAD IV IS UNCLEAR BUT AT
THIS JUNCTURE DOUBTFUL. FAILURE AT UNCTAD IV CAN BE
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DEFINED AS LITTLE PROGRESS TOWARDS MEETING G-77 DEMANDS

ON COMMODITIES AND BOTH TECHNOLOGY AND DEBT.

2. TACTICALLY WE CAN EXPECT THE UNCTAD SECRETARIAT AT THIS TDB AND IMMEDIATE MONTHS THEREAFTER TO SCHEDULE AS MANY DISCUSSIONS AND NEGOTIATING MEETINGS AS POSSIBLE UNDER ITS SPONSORSHIP, PRE AND POST NAIROBI, PARTICULARLY ON COMMODITIES, DEBT AND TECHNOLOGY. THE SECRETARIAT PERCEIVES LACK OF PROGRESS TO DATE IN THE TDB DARKENING THE ALREADY IMPOSING SHADOW BY THE PARIS MEETINGS OVER ITS IMAGE AND FUTURE.

3. COREA'S STATURE AND EFFECTIVENESS IS CLEARLY ON THE LINE AND WOULD DIMINISH SIGNIFICANTLY IN EYES OF G-77 WITH FAILURE AT UNCTAD IV.

4. A FAILURE AT UNCTAD IV WOULD PRECIPITATE ONE OR MORE OF THE FOLLOWING ACTIONS:

A. PRESSURE FROM G-77 FOR A NEW SECRETARY GENERAL OF UNCTAD, A POSITION SOME SAY PRESIDENT OF TDB, DADZIE WOULD NOT MIND FILLING.

B. G-77 SET UP ITS OWN SECRETARIAT TO ASSUME SOME OR MOST OF THE SUPPORT FUNCTIONS FOR THEIR INCREASINGLY TAKING ON NEGOTIATION ROLE NOW COVETED BY COREA AND UNCTAD SECRETARIAT.

C. INCREASED PRESSURE AND HEIGHTNED RHETORIC FOR ACTION IN CIEC BY G-77 AND SOME ELEMENTS OF GROUP B BETWEEN NOW AND EARLY 1977.

D. INTENSIFIED EFFORT BY G-77 TO DIVIDE GROUP B, A GAME THE EEC, NETHERLANDS AND NORDIC COUNTRIES MIGHT BE WILLING TO PLAY. THE EEC HAS SO FAR WORKED WITHIN GROUP B AT TDB BUT THE NETHERLANDS IS CLEARLY PREPARING FOR AN INITIATIVE ON COMMODITIES OR DEBT EITHER HERE OR IN NARIOBI.

5. SOME OF THE ACTIONS OUTLINED PARA 3 ARE INEVITABLE IRRESPECTIVE OF SUCCESS OR FAILURE AT UNCTAD IV, BUT A FAILURE WOULD INCREASE THE INTENSITY OF EFFORTS.

6. THERE ARE ADVANTAGES TO US KEEPING UNCTAD HEALTHY AND SPOKESMAN FOR G-77:

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A. G-77 SECRETARIAT, HOWEVER LARGE, IS MORE LIKELY THAN UNCTAD SECRETARIAT TO CONDUCT DIALOGUE IN POLITICAL TERMS.

B. SOME ELEMENTS OF UNCTAD, SUPPORTED BY G-77, WANT AN OPERATIONAL ROLE, AT LEAST IN TECHNOLOGY, NOT LIKELY SOUGHT BY A G-77 SECRETARIAT. TECHNICIANS ARE GENERALLY MORE PRAGMATIC THAN POLITICIANS.

C. UNCTAD SECRETARIAT, PERHAPS FOR TACTICAL REASONS, IS ARGUING

THAT IT MUST DISTANCE ITSELF SOMEWHAT FROM G-77, TO BE MORE AGGRESSIVE TOWARDS GROUP D AND UNDERSTANDING OF GROUP B POSITIONS. COREA PLANS TRIP TO US BETWEEN NOW AND UNCTAD IV TO DISCUSS HIS CONCEPT OF A NEW INSTITUTIONAL ROLE FOR UNCTAD. WE HAVE SUBSTANTIALLY MORE INFLUENCE OVER UNCTAD'S FUTURE ROLE THAN OVER G-77 SECRETARIAT.

7. THE BASIC QUESTION IS WHETHER US WANTS TO MAKE UNCTAD EITHER MORE EFFICIENT OR MORE SPECIALIZED. ALTHOUGH AT TIMES EFFECTIVE, UNCTAD SECRETARIAT IS NEITHER ADMINISTRATIVELY EFFICIENT NOR ITS SCOPE OF WORK AND RESPONSIBILITIES NARROWLY FOCUSED. COREA'S DESIRE TO EXPAND UNCTAD'S NEGOTIATING ROLE AND CHANGE ITS INSTITUTIONAL CHARACTER DOES PROVIDE OPPORTUNITIES FOR US TO GUIDE AND INFLUENCE UNCTAD'S FUTURE ROLE AND CHARACTER. WHATEVER, UNCTAD WILL LIVE.

8. THE US "SURPRISE PACKAGE" APPROACH AT UN SEVENTH SPECIAL SESSION MAY INCREASINGLY CAUSE US PROBLEMS WITHIN GROUP B. THE EEC, JAPAN, NETHERLANDS AND NORDIC COUNTRIES WANT TO REACH AGREEMENTS WITH THE LDCS IN AN ORDERLY MANNER; THEY, FOR DOMESTIC POLITICAL REASONS, WANT TO CLAIM SOME CREDIT. THEY MAY NOT HAVE SO MANY INNOVATIVE IDEAS, BUT THEY SHOW RESTIVE SIGNS AT TDB FOR STEPPING ASIDE FROM GROUP B. THEY WANT TO DRAW CLEAR PUBLIC RELATIONS BENEFITS BY POSITIVE, FORTHCOMING SUPPORT FOR SOME LDCS' DEMANDS. THEY VIEW CONCESSIONS ON RHETORIC AS IMPORTANT AND LOW COST INITIATIVES WITH SIGNIFICANT BENEFITS. WE MAY FIND OURSELVES PLAYING "CATCH-UP" TO OUR FRIENDS IN 1976 AND TO MOVE AHEAD WILL NOT BE WITHOUT COST TO US IN TERMS OF PROGRAMS OR CONCESSIONS.

9. THE QUESTION MIGHT BE ASKED: WHY DO WE NEED A
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"BIG-BANG" APPROACH AT NAIROBI OR PERHAPS THE MINISTERIAL MEETING IN PARIS? A FEW LOW COST INITIATIVES PACKAGED WITH SOME PROGRAMS ALREADY AUTHORIZED BY CONGRESS MIGHT WELL SUFFICE. OUR GRANT PROVISION ON PL 480 LOAN REPAYMENTS HITS DIRECTLY, ALBEIT MODESTLY, AT THE GENERAL MSA DEBT ISSUE; SECTION 661 OF THE FAA AND OTHER PROGRAMS IN THE WORKS ARE QUITE RESPONSIVE TO "BUILDING INDIGENOUS TECHNOLOGICAL CAPABILITIES" OF LDCS, AS ARE OPIC'S COUNTRY INITIATED AND AGRIBUSINESS PROGRAMS; AND A COORDINATED PROGRAM OF LIBERALIZED IMF BUFFER STOCK FINANCING, IBRD DEVELOPMENT FINANCE, IFC INVESTMENT FINANCING ONE ONE OR TWO COMMODITIES IN 1976 FOLLOWING UPON COMMODITY AGREEMENTS AND SPECIFIC COUNTRIES REQUESTS FOR HELP, IS NOT AN UNREASONABLE ALTERNATIVE TO UNCTAD'S INTEGRATED PROGRAM, TO NAME A FEW.

10. THESE COMMENTS ARE OFFERED AS AN INPUT TO YOUR
REVIEW OF THE NORTH-SOUTH AND UNCTAD IV STRATEGY PAPERS
WHICH UNFORTUNATELY WILL TAKE PLACE BEFORE MY RETURN ON
WEDNESDAY NIGHT FROM UNCTAD TDB MEETING. DALE
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